

# Memorandum

DATE: May 6, 2015

WAP Memorandum 011

REPLY TO

ATTN OF: Robert C. Adams, WAP Manager  
Weatherization and Intergovernmental Program Office

SUBJECT: Clarification on Fuel Switching

TO: Weatherization Assistance Program (WAP) Grantees

As you are aware, the current Department of Energy (DOE) policy contained in Weatherization Program Notice (WPN) 13-5 *Revised Energy Audit Approval Procedures and Other Related Audit Issues* states that:

“The Weatherization Assistance Program (WAP) does not permit the general practice of non-renewable fuel switching when replacing furnaces/appliances. However, DOE does allow the changing or converting of a furnace/appliance using one fuel source to another on a limited, case-by-case basis. These approvals will only be granted when all related costs demonstrate the effectiveness of the fuel switch over the life of the measure. DOE will not approve priority lists containing this measure. Only a site-specific energy audit meeting the submittal requirements and approved by DOE would be considered allowable to evaluate these measures.”

As the WAP continually develops skilled and technically proficient program personnel at the state and local levels, the DOE has decided to revise its current policy related to fuel switching in eligible homes served by the Program. WAP Grantees are now provided two options regarding the decision-making process for fuel switching to occur:

1. The Grantee may continue to submit individual fuel switching requests to DOE for review and approval;  
or
2. The Grantee may opt to administer the fuel switching policy at their level.

## Administration

In order to assume the responsibility for administering the fuel switching policy, the Grantee must submit the following information to its Project Officer (PO). This information will ensure that all Program rules and guidance documents are being met by the Grantee in their decision-making:

- A statement in the Energy Audit Procedures section of the Grantee's Annual Plan that fuel switching is allowable when the site-specific energy audit demonstrates the cost effectiveness of the fuel switch over the life of the measure as indicated by the Savings to Investment Ratio (SIR).
  - The audit libraries must contain all utility cost information to provide accurate data for the fuel switch decision.
  - All other related charges associated with fuel-switching must be provided in the submittal for approval of the Grantee's energy audit procedures.

- If the Grantee opts to implement an internal fuel switching policy prior to the next audit procedures re-approval cycle, costs associated with the Grantee fuel switch procedure must be submitted as supplemental information to the Grantee's Annual Plan.

### **Capability**

In addition to accepting the administrative burden associated with making decisions about fuel switching internally, the Grantee must also demonstrate ability to analyze the information provided by the subgrantee when a request for fuel switching is submitted. To demonstrate this internal capability to DOE, the Grantee must submit the following documents as part of their Plan:

- One complete sample audit for each type of fuel-switching scenario anticipated (e.g., one sample audit for switching from an oil boiler to a gas boiler, one sample audit for switching from a gas furnace and central A/C combination to an electric heat pump) with all supporting documentation which demonstrates fuel switching is cost-effective when interacted with all other appropriate energy conservation measures for the building.
  - Supporting documentation must include a copy of the client utility bill(s) which list all charges for the present energy source(s) and cost information including but not limited to the costs charged for the current energy commodity, base and service charges, taxes, supply and transmission charges and renewable energy or energy conservation adjustments.
- The escalation rate used in the energy audit of those energy prices over the life of the new measure.
- A statement that if a heat pump or other combined heating-and-cooling system is to replace a heating-only (or cooling-only) system, no savings will be attributed to the cooling (or heating) system that was previously not being used in the home, but all the costs of running the system throughout the year will be included in the audit.

**Important:** No fuel switching measures will be allowed through the use of a DOE approved priority list. The use of a priority list does not meet the DOE standard for case-by-case analysis because changes in cost cannot be captured and updated as is the case with an energy audit. A site-specific computerized energy audit must be used to demonstrate the cost effectiveness of fuel switching and ensure that the program requirement to provide greater energy efficiency and reduction of energy costs for low-income clients is met.

DOE will update the next version of its Energy Audit Approval Procedures WPN to reflect this adjustment. As DOE continues to improve quality work and quality management of the WAP, allowing Grantees the flexibility to assess their fuel switching needs is just one of the components of this process. Please contact your PO if you have additional questions.